

**LOUISVILLE METRO AIR POLLUTION CONTROL DISTRICT
PRELIMINARY REGULATORY IMPACT ASSESSMENT**

REGULATION 2.03 VERSION 8

*Authorization to Construct and Operate; Asbestos Demolition/Renovation
Notices and Permit Requirements*

FEBRUARY 20, 2013

Purpose of the Draft Proposed Action:

On July 24, 2012, the District issued an advance Notice of Proposed Rulemaking (NPR) describing proposed revisions to the District's current Part 2 permitting regulations, including Regulation 2.03, *Authorization to Construct and Operate; Demolition/Renovation Notices and Permit Requirements*

As explained in the NPR, the District has been exploring a variety of approaches that could be used to streamline its construction and operating permit programs. In general, the draft amendments to Part 2 propose changing the way the District regulates smaller emitting sources in several categories, clarifying existing text, and removing redundant or outdated provisions.

If adopted by the Board, Regulation 2.03 Version 8 will be submitted to the U.S. Environmental Protection Agency for inclusion in the State Implementation Plan.

Scope of the Draft Proposed Amendments:

The District implements the federal Clean Air Act in Louisville by delegation from the U. S. Environmental Protection Agency (EPA) and in partnership with the Kentucky Division for Air Quality through a grant of concurrent jurisdiction.¹

As part of its delegation, the District operates a sophisticated network of air monitoring sites and modeling systems for particles, pollutant gases, and meteorology. The District is the permitting authority for all federally required permitting programs, including the Title V operating permit program, the New Source Review (NSR) and Prevention of Significant Deterioration (PSD) pre-construction permitting programs, and minor source NSR. The District also implements the stringent local Strategic Toxic Air Reduction (STAR) program for controlling air toxics from major sources, and the federal Risk Management Plan (RMP) program for facilities with certain

¹ KRS 224.20-130.

types of toxic chemicals on site. In combination, these programs regulate emissions of air pollutants, including nitrogen oxides, carbon monoxide, particulate matter, volatile organic compounds (VOCs), sulfur dioxide, asbestos and other air toxics, from stationary sources to ensure that Louisville Metro makes steady progress toward achieving and maintaining federal and local air quality standards.

Most stationary sources in Louisville Metro are required to obtain both construction and operating permits. Applicants must demonstrate that the proposed process complies with federal and District-only air pollution control regulations, emissions standards, and air quality standards prior to permit issuance. Permits issued by the District are based on the project's potential to emit (PTE) or an agreed-upon emission standard. PTE is calculated using the maximum capacity of a source to emit an air pollutant under its physical and operational design. A physical or operational limitation on the capacity of a source to emit an air pollutant will be treated as part of its design if the limitation is enforceable under the Clean Air Act. Examples of these limitations include air pollution control equipment, a restriction on hours of operation, or a restriction on the type or amount of material combusted, stored, or processed.

The District's current permitting program in Regulation 2.03 requires stationary sources to obtain a construction permit before installing new or additional air pollution control equipment. Despite its current title, "*Permit Requirements - Non-Title V Construction and Operating Permits and Demolition/Renovation Permits*," Regulation 2.03 also includes permit requirements authorizing the construction or modification of Title V stationary sources. At present, a stationary source may operate under a Title V permit, a Federally Enforceable District Origin Operating Permit (FEDOOP), or a minor stationary source operating permit. Regulation 2.03, however, only includes operating permit requirements for minor stationary sources. Title V and FEDOOP stationary sources are authorized to operate under Regulation 2.16 and 2.17, respectively.

As proposed, Regulation 2.03 includes the following amendments to:

- Clarify the permit requirements for exempt stationary sources and changes made pursuant to Regulation 2.16 section 5.8 provisions enacting Section 502(b)(10) of the Clean Air Act.
- Clarify in Sections 3 and 6 the District's local implementation of Regulations 5.04 and 2.08.
- Update the general requirements applicable to permits, registrations, and exempt stationary sources.
- Simplify terms for permit issuance, renewal, and transfer.
- Add terms for transitioning from one type of permit to another.
- Establish combined construction/operating permits for sources with a PTE less than major source thresholds.
- Streamline authorization to construct, reconstruct, or modify air pollution control equipment.
- Make clear the requirement that stationary sources must be current on all fees as a condition of continued operation.

Finally, the proposed regulation has been re-titled from “*Permit Requirements - Non-Title V Construction and Operating Permits and Asbestos Demolition/Renovation Permits*” to “*Authorization to Construct or Operate; Demolition/Renovation Notices and Permit Requirements*” to reflect its applicability to all permits, registrations, and exemptions authorized by the District.

Estimated Costs and Savings:

As proposed, stationary sources with a PTE less than major source thresholds will be issued a single permit to construct and operate. As a result, there may be some savings for these sources as further explained in the NPR and the Preliminary Regulatory Impact Assessment for Regulations 2.02 and 2.08.

Feasibility of All Alternatives:

Although the District considered not amending Regulation 2.03, the proposed changes are necessary to implement the District’s Part 2 permit improvements. These improvements streamline the District’s permitting process and are intended to reduce permitting burdens on small stationary sources and enhance the District’s ability to meet its delegated and local regulatory obligations.

Comparison with Any Minimum or Uniform Standards:

The proposed regulation is consistent with the District’s permitting regulations for minor sources, FEDOOP and Title V sources, and the Clean Air Act.

Report on Public Outreach Efforts:

This draft proposed Regulation 2.03 Version 8 was proposed for informal external review on December 10, 2012 and formal public comment on February 20, 2013, and sent to: all members of the Air Pollution Control Board; all persons who have requested to be notified of proposed changes to any District regulations; EPA Region 4; and the Kentucky Division for Air Quality.

The informal public comment period ended on January 24, 2013. The public will have an opportunity to comment during the 30-day public comment period; at a meeting of the appropriate committee of the Air Pollution Control Board; and at a public hearing prior to consideration by the full Board.